

Jordan, Sheron

From: _Regulatory Comments
Sent: Tuesday, August 29, 2006 9:16 AM
To: Jordan, Sheron
Subject: FW: Texas Credit Union League Comments on Proposed Rule Part 708a

-----Original Message-----

From: Suzanne Yashewski [mailto:syashewski@tcul.coop]
Sent: Monday, August 28, 2006 6:11 PM
To: _Regulatory Comments
Cc: Dick Ensweiler; Buddy Gill; Mary Dunn
Subject: Texas Credit Union League Comments on Proposed Rule Part 708a

August 28, 2006

Mary Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke St.
Alexandria, VA 22314-3428

VIA E-Mail to: regcomments@ncua.gov.

Re: Texas Credit Union League Comments on Proposed Rule Part 708a.

The Texas Credit Union League (TCUL) appreciates the opportunity to comment on the proposed revisions to the National Credit Union Administration's Rules and Regulations Part 708a concerning revisions to the rules governing conversions of insured credit unions to mutual savings banks. The Texas Credit Union League is the official trade association serving nearly 600 federal and state credit unions and more than 7 million credit union members in Texas.

TCUL supports NCUA's efforts to more clearly communicate the effect of a conversion to the membership. It is extremely important that each member of a credit union that is considering a conversion understands the intent and purpose of the conversion and what it means for the future of the financial institution. Full and accurate disclosure will allow members to make informed decisions when casting votes on the matter.

Notice and Ballot

TCUL supports the proposed new requirement that the converting credit union give advance notice to members that the board intends to vote on a conversion. This gives members the opportunity to participate early in the process. TCUL also supports the proposed procedures for members to share their views with directors before the board votes on whether or not to adopt the proposal.

TCUL supports the amendment requiring that the voting ballot be sent only with the 30 day notice. This allows members to consider all information from both sides prior to casting a vote.

TCUL strongly supports the proposed revision to the ballot language, clearly and conspicuously informing members that a vote "for" the proposal means the credit union will become a mutual savings bank, thrift, or other form of mutual savings institution entity, and a vote "against" the proposal means that the credit union will remain a credit union. Short and simple, this ballot disclosure sums up the essence of the conversion vote in language every member can understand.

Disclosures

TCUL supports the simplified "boxed disclosures" as included in the proposal. TCUL agrees that the new rule should retain the disclosures related to the potential enrichment by

directors and senior management.

Again, TCUL supports the new proposed plain language in the boxed disclosures explaining that a vote "for" the conversion means the credit union will become a bank, and a vote "against" the conversion means the credit union will remain a credit union.

Member Communication with Other Members

TCUL supports NCUA's proposed revisions permitting members to communicate directly with other members regarding the proposed conversion. The language permits members to submit written requests to the credit union requesting dissemination of information to other members at the expense of the member making the request. TCUL feels the cost may discourage many members from using this avenue to voice opinions. However, TCUL supports members' ability to share information via e-mail and the credit union's website under the proposal.

Determination by Board that Conversion is in the Member's Best Interest TCUL agrees with NCUA that directors and officers of a credit union have a fiduciary duty to act in the best interest of the credit union members. However, we have at least one credit union questioning how this is to be done under the proposal, without specific quantifiable and defensible ways to show the membership the exact benefits. An opinion from an unbiased third party study might help to validate such a determination.

Membership Approval

TCUL supports the language requiring the credit union to establish a date for member eligibility to vote, to be set at least one hundred and twenty days before the credit union board publishes the notice of intent to consider conversion. This will help to preserve the integrity of the voting process.

Conclusion

Each credit union with Board direction has the right to decide the form of organization that serves its membership best, with the informed consent of their voting membership. The rule revisions NCUA is proposing will help clarify in a transparent fashion the nature of the conversion, and will permit members to make an informed decision, and cast their ballots, in their own self-determined best interest.

Thank you for the opportunity to comment on the proposed revisions to Part 708a of NCUA's rules and regulations. If you have questions about our comments, please feel free to call me at (800) 442-5762 x 8516.

Sincerely,

Suzanne Yashewski

Vice President, Regulatory Compliance & Legal Affairs Texas Credit Union League

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